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Chris Bowen says financial regulators will be included in any banking inquiry. (AAP)

## Australia

### Time ripe for broader banking inquiry: ALP

Labor's promised royal commission into bank behaviour would also look at financial regulators, shadow treasurer Chris Bowen says.

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Federal Labor plans to widen its promised banking royal commission to include

Federal Labor plans to widen its promised banking royal commission to include financial regulators if it wins government, but Treasurer Scott Morrison says all it would do is encourage a "lawyers' picnic".

Shadow treasurer Chris Bowen believes the scale of industry change since David Murray's 2014 financial systems inquiry warrants another stocktake.

The opposition's promised royal commission into bank behaviour would also look into the regulation architecture, Mr Bowen told the Financial Services Council leaders' summit in Sydney on Tuesday.



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"Given what has changed over the last couple of years and even in the last 12 months alone, the time is ripe for a proper, considered and comprehensive examination of our institutional arrangements," he said.

Since the Murray inquiry, household indebtedness in Australia had grown to be amongst the highest of all advanced nations.

At 123 per cent of GDP, the value of household debt stands only second to Switzerland at 128 per cent and compares with the average of advanced economies at 75 per cent.

Mr Bowen said recent "ad-hoc" changes to the system by the government also need examination, including new responsibilities for the Australian Prudential Regulation Authority.

APRA is not only charged with responsibility for prudential regulation, it is now helping the Reserve Bank manage risks building up in the housing sector.

There is also the emergence of new financial technology, or fintech, and its implications with the introduction of apps like ApplePay.

"Fintech provides great opportunities, it is a positive development, but it is a development that needs to be considered in relation to our financial regulation architecture," Mr Bowen said.

The Turnbull government remains opposed to any sort of royal commission into the industry, but Mr Bowen argues pressure for one has already brought change.

"There is no way we would have seen a banking misconduct package brought down in the budget without Labor having promised a royal commission," the shadow treasurer said.

Mr Morrison says all such an inquiry would bring is a lot of hearings over three or four years involving a lot of lawyers and, at the end of that, it would make a set of recommendations.

Instead, the government is getting on with the job in hand, such as the pursuit of "open banking" to give customers greater access to their own banking data and allow them to seek out products that better suit their circumstances.

"What the Australian people want, they want us to do something now, and not put it on some sort of lawyers' picnic for the next four years," Mr Morrison told John Laws on

Sydney's 2SM radio.

Australian Bankers' Association chief executive Anna Bligh will have the opportunity to respond to Labor's plans when she addresses the National Press Club on Wednesday.